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ABSTRACT

This study examined the effects on low-income families of being on a waiting list to receive child care subsidies under the Minnesota Child Care Sliding Fee Program. It surveyed 270 randomly-selected families in Hennepin County who had been on the waiting list, 38 of whom had begun receiving assistance at the time of the study. It found that: (1) without child care assistance, nearly 25 percent of the families had to turn to Aid to Families with Dependent Children (AFDC) to survive, and that 50 percent relied on food stamps; (2) the short-term costs of supporting families on welfare was $595 more per month than the cost of supporting a similar family with child care subsidies; (3) many families had incurred overwhelming debt as a result of their child care expenses; (4) nearly 50 percent of the parents felt trapped; and (5) many children on the waiting list were deprived of consistent, stable care and appropriate early childhood education. The study recommends that the Child Care Sliding Fee Program be fully funded and expanded. A summary booklet highlighting the major findings and recommendations of the report is included. (MDM)

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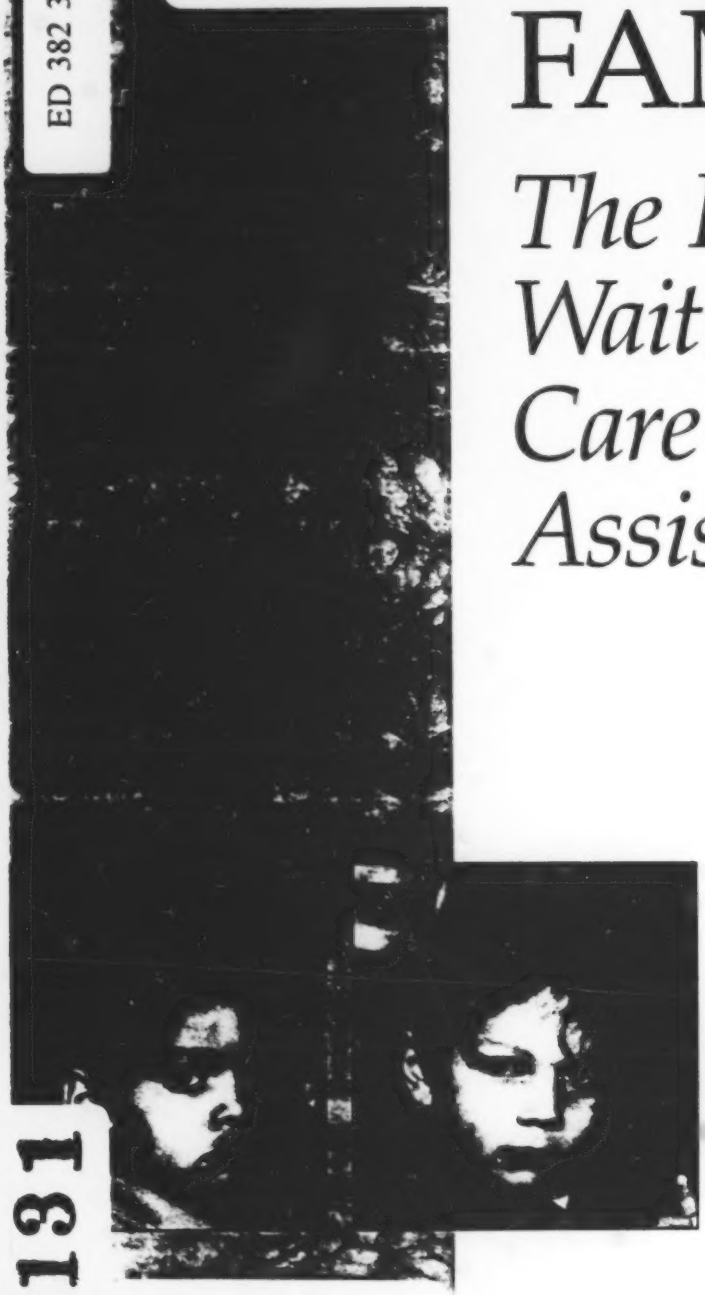
VALUING FAMILIES:

The High Cost of Waiting for Child Care Sliding Fee Assistance



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The Greater Minneapolis Day Care Association

VALUING FAMILIES:

The High Cost of Waiting for Child Care Sliding Fee Assistance

A Study of Families on the Child Care Sliding Fee Waiting List in Hennepin County, Minnesota

Funded by a grant from The Minneapolis Foundation
Research by Deborah Swenson-Klatt
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GMDCA™
Child Care Leadership and Services

The Greater Minneapolis Day Care Association (GMDCA) dedicates itself to children by creating and supporting high-quality child care that affirms the range of human diversity and is fully accessible to all.

Throughout its 26 years as a child care resource and referral agency, GMDCA has worked to effect positive change in the quality, affordability and accessibility of child care in Hennepin County. Additionally, GMDCA seeks to influence the overall Minnesota child care system for the benefit of children and families.

Dear Friends:

For most of us, valuing families — our own as well as others — is of utmost importance.

Certainly, this is true for the parents surveyed by the Greater Minneapolis Day Care Association in its recent study of families on the Child Care Sliding Fee Program waiting list. The study was designed to determine how families in Hennepin County, who must wait from one to two years to receive child care subsidies, survive.

This study corroborates what we in child care already knew: waiting for child care subsidies has a devastating impact on families. While we were heartened by the courageous stories the families told, we were also dismayed at the toll survival exacts.

Wanting to work and be self-sufficient while struggling to pay for child care and lacking sufficient income supports, these families are paying a high price. Many are forced to make demeaning, short-term choices that have lasting impact on their children. Not only are some families compelled to go on welfare to survive, but the wait for Child Care Sliding Fee assistance takes a heavy toll on family relationships.

We were concerned to find that many young children on the waiting list were being cared for in settings that lacked consistency and were sometimes unsafe. As a society, we talk about the need to end dependency, but then make it impossible for the most vulnerable children to receive child development experiences needed to succeed in school and later life.

The parents in our study were in agreement about wanting to work and find quality child care for their children. They simply couldn't afford to do both.

KIDS COUNT Minnesota, a joint project of Children's Defense Fund MN and Congregations Concerned for Children, is also releasing a statewide study of the Child Care Sliding Fee Program at this time. Given the strong support for welfare reform and resistance to increased appropriations for public assistance, we believe these studies are timely and much needed. In a society that proclaims family values but does not actively value families, these parents are doing a remarkable job of raising and valuing their own children. They are looking to society for a modest amount of help that will give them the child care they need to be even more self-sufficient.

We thank the Blakes, Gustafsons, Cieplienskis and Moronis, whose stories we've featured in this report, along with all of the parents who took the time to respond to the survey. They deserve the concern and support of our community.

Constance C. Bell
Executive Director

"Before I received child care subsidies, I was forced to work two jobs, about 65 hours per week. Between work and commuting time I had no time to be a parent and what time I had was very low quality. . . After a year of this schedule I was forced to quit my job and go on AFDC [Aid for Families with Dependent Children]. Now that I receive subsidies I have returned to school. I will graduate after two years. . . with an electrician degree. This new career will allow me to provide for myself and my child without any assistance within one year on the job."

—Mother of a three-year-old

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Findings From the Study

The Child Care Sliding Fee Program provides a modest amount of help to low-income families who are working or in school. Without assistance, child care costs typically consume 23 percent of a low-income family's budget. Under the program, parents pay only part of the cost determined by a sliding fee scale based on income and family size. Families are free to choose any legal form of child care that meets their needs.

In Hennepin County, there is currently a waiting list for Child Care Sliding Fee assistance. Approximately 2,100 families face a wait of up to one-and-one-half years for help.

GMDCA's survey of 270 randomly-selected families on the Hennepin County waiting list is one of the first of its kind in the U.S. Of the 270 respondents, 38 families had recently begun receiving child care assistance at the time of the study. The remaining 232 were still waiting for help. Of the 473 who received surveys, 57 percent responded.

GMDCA's study unearthed five compelling findings about the economic and emotional costs of waiting for help from the Child Care Sliding Fee Program:

1. Without child care assistance, one quarter of the families on the waiting list have turned to AFDC for economic survival and one-half rely on food stamps and Medical Assistance.
2. The short-term cost of supporting families on welfare is $595 more per month per family than the cost of supporting a similar family with only child care subsidies. The long-term costs of supporting families on welfare also have serious ramifications.
3. Many families have incurred overwhelming debt as a result of their child care expenses. Most parents cannot find free child care. Over 80 percent of families on the waiting list pay for care, and of these families, 71 percent have experienced significant levels of debt or filed for bankruptcy.
4. Because of the high cost of care and education, almost half of the parents feel trapped. Some are unable to work at all, much less pursue training for higher-wage jobs.
5. Many children on the waiting list are deprived of consistent, stable care and appropriate early childhood education. We know that this may result in the inability to form healthy, strong relationships that are the foundation needed for success in school and life.

What follows is an in-depth discussion of GMDCA's study results.

Profile of Families Surveyed

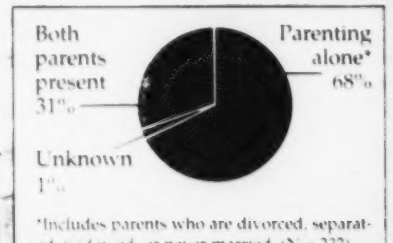
GMDCA surveyed a random sample of 270 families who were on or who had just moved off of the waiting list for the Child Care Sliding Fee Program.

Average family size: 3
Average number of children per family: 1.5
Average annual income: $15,400

Marital status:
- Single parent. 68%
- Married 25%
- Living with other parent 6%
- Unknown 1%

Ethnicity:
- European American. . . . 61%
- African American 28%
- American Indian 4%
- Asian/Pacific Islander. 4%
- Hispanic. 0.5%
- Did Not Identify. 2.5%

Work/School Status:
- Working 63%
- In school 10%
- Both working and in school. 11%
- Looking for work or waiting to get into school 16%



*Includes parents who are divorced, separated, widowed, or never married. (N = 232)

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Pay Now or Pay More Later

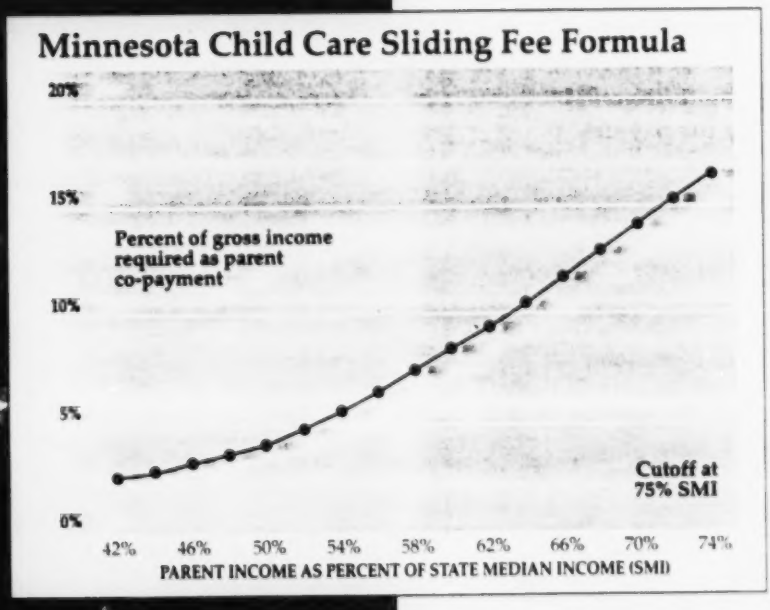
Investing in the Future

Just as a small amount of money invested at the right time produces a profitable future return, investing in children through the Child Care Sliding Fee Program ensures short- and long-term dividends for all of us.

The 20-year-old Child Care Sliding Fee Program stabilizes the cost of child care and education for parents. By providing a moderate amount of funding tailored to the needs of individual, low-income families, it allows parents to continue to work or stay in school and to make decisions about their children's care and education.

Currently, the program serves non-AFDC families whose incomes are below 75 percent of the State Median Income (SMI). Families enrolled in the program do not pay the full cost of their child care but rather a copayment based on their family size and income. The copayment ranges from 2.6 percent of a family's gross income at the bottom of the scale to 17.2 percent at the top. State and federal funding reimburses providers for most of the remaining costs, up to a maximum rate.

While the number of families on the waiting list is always in flux, several thousand families were waiting for Child Care Sliding Fee assistance at any given time during 1994. In spring of 1994, the Hennepin County waiting list stood at 2,000. By the fall, it had dropped to 1,400 families before it increased again to 2,100 in December. During the year, families faced a wait of 18 months to two years for assistance. Funding is not available when people need it.



Surmising that such delays are harmful to families, GMDCA conducted a study to determine the economic, emotional, and societal costs of delayed support. The findings offer insights into the lives of the people we seek to serve, underscoring the immediacy of their needs.

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Families on the waiting list described these costs:

- The frustration with a system that offers welfare as a better choice than working despite the fact that the Child Care Sliding Fee program is less costly for taxpayers;
- The impact of poor quality child care on their children's sense of security and well-being;
- The emotional and financial strain of going deeper into debt with each month s bills;
- Job and training opportunities that they could not afford to pursue because of the high cost of child care.

Some of the families surveyed were receiving child care assistance. They stressed how the program preserves their dignity, fosters independence, helps break the welfare cycle and enhances social responsibility. It also helps them provide safe, consistent, educational experiences for their young children.

The overriding message of GMDCA's study? When it comes to caring for and educating our children, either we invest now and ensure the future — or we pay an even higher price later for missed opportunities to move families toward self-sufficiency and provide children with a solid foundation.

As one of the parents we surveyed said: "I need help now, not in two years."

How the Waiting List Works

In December of 1994, approximately 2,100 families in Hennepin County faced a wait of up to one-and-one-half years for Child Care Sliding Fee assistance. Families are prioritized for Child Care Sliding Fee funding in this order:

- Heads of families without high-school diplomas or GED receive first priority, youngest parents first.
- Parents completing their year of AFDC transition are second priority.
- Working-poor families are the third priority.

1994-95 MN Child Care Sliding Fee Scale

Annual Gross Family Income	Monthly Co-Payment		
	Family of 2	Family of 3	Family of 4
$15,000	$46	$18	$22
$18,000	$105	$52	$22
$21,000	$212	$98	$57
$24,000	($23,726 Maximum)	$185	$97
$27,000		$315	$176
$30,000		($29,309 Maximum)	$273
$33,000			$407
			($34,892 Maximum)

A family of three earning $15,400, the average annual income of families surveyed, would pay $18 per month towards their child care costs. A family of three earning $19,500, the average annual income of families receiving subsidies in Hennepin County, would pay a $65 per month copayment.

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Economic Costs to Families

Shopping for Child Care

Low-income families find themselves "shopping" for child care in the same limited market as higher-income families. As a result, the families spend a disproportionately high percentage of their income for such services.

In fact, in 1991 families earning less than $15,000 per year spent 23 percent of their income on child care. At the other end of the income scale, families earning $50,000 and more per year spent only 6 percent of their income on child care services.[2]

Given the economic realities, families are already near the breaking point when they apply for the Child Care Sliding Fee Program. They simply cannot afford to wait for help.

Economic stability was once the carrot held out as the reward for hard work. For many families, it is now a cruel myth. As a result of shifts in government policy and changes in the family structure, low-income, working parents find themselves in serious financial jeopardy. Dreams of self-sufficiency seem unattainable.

Indeed, in the U.S., incomes dropped by almost one-third for families with young children between 1973 and 1990.[1] In 1990, Hennepin County census data indicated that 13.2 percent of children lived in poverty — a 55 percent increase over the 8.5 percent figure from 1986.

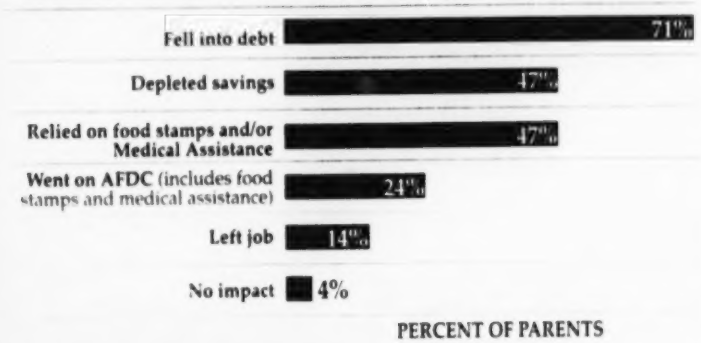
The majority of families GMDCA surveyed continue to work while waiting for Child Care Sliding Fee assistance, but they do so at great expense to the security of their family. With an average annual income of $15,400, they struggle to pay for child care, which averages $4,525 a year for a three- or four-year-old in Hennepin County. (Costs for younger children are higher.)

Child care expenses can account for up to 23 percent of a low-income family's income. How does that affect families waiting for assistance?

- 71 percent of parents who pay for child care have fallen into significant levels of debt.
- 47 percent have depleted accumulated savings.
- One out of seven quit their jobs due to child care problems or costs.
- Several parents experienced bankruptcy or eviction while on the waiting list.
- Only 4 percent said that child care expenses have not had a serious economic impact.

How do these families manage? Some don't.

Economic Impact of Child Care Costs on Families on the Waiting List



NOTE: Results do not total to 100 percent due to multiple responses. (N = 270)

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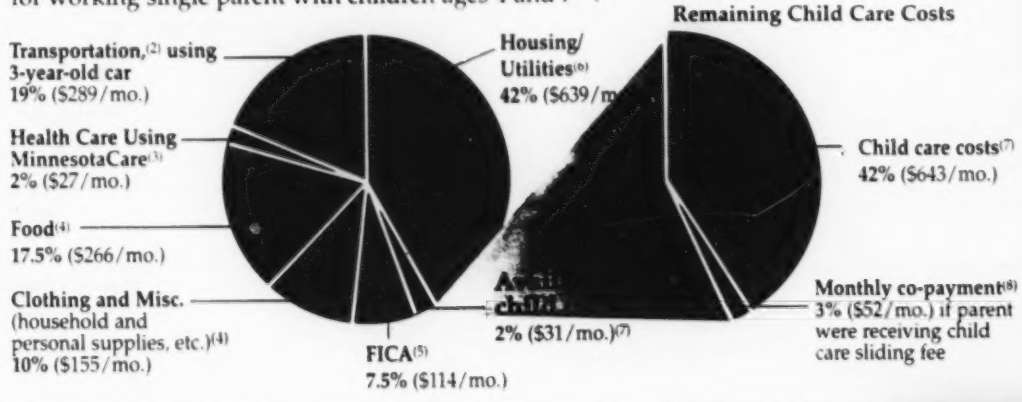
"I don't understand how they think that a single parent can afford this cost. I don't see how too many married people can afford this."

"The...financial stress of having small children is almost unbearable. It is an impossible situation when you cannot afford to work because you cannot afford quality child care, but you cannot afford not to work."

"...I've sold items and had to declare bankruptcy. Affordable child care is my dream right now."

No Room for Child Care Costs in Budget of Typical Family on the Waiting List

Monthly budget of $1,521 (includes food stamps and earned income tax credit) for working single parent with children ages 4 and 7[1].



Notes:

1. Average income of family on the waiting list in Hennepin County, including $193/month for food stamps and $70/month for tax credits minus state and federal taxes due.
2. Cost of running a 3-year-old car 12,000 miles/year; from MN Department of Transportation, 1993.
3. Presumes family on MinnesotaCare; higher if parent is covered through employer and must pay share of cost, 1993.
4. From MN Department of Human Services Market Basket Evaluation of AFDC Standard of Need, 1991.
5. Social Security; presumes no income tax withholding.
6. Two-bedroom apartment with utilities and phone; from U.S. Department of Housing and Urban Development and U.S. West, 1993.
7. Average cost of family child care for preschool and school age care, 1994.
8. Monthly Child Care Sliding Fee copayment for family of three, 1994. $625 of total child care costs are subsidized.

Data compiled by Children's Defense Fund MN, 1993.

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Unable to work or pursue training for higher-wage jobs, almost half of the families waiting for help from the Child Care Sliding Fee Program feel trapped. One-third of the parents report that they live from paycheck to paycheck. They cannot afford basic necessities for their children; their resources are strained and coping is difficult.

- 33 percent of parents increased work hours to earn more to cover child care costs.
- 16 percent cut back on work hours to reduce child care expenses.
- 10 percent of families with two parents began working split shifts to reduce or eliminate the need for child care altogether.

Although they struggle valiantly, most parents are unable to keep their heads above financial waters.

"I pay $460 a month for child care. I am a single parent and a manager of a restaurant. As a result of day care expenses I try to cut back on hours at work...to reduce the day care amount. My unit then suffers...to the point I worry I may lose my job. I have lost out on bonus money I depend on and have fallen behind on several bills...I am currently looking into claiming bankruptcy."

"...If we had received day care assistance when we called, we wouldn't be just living paycheck to paycheck and going to food shelves because we've used up our money paying rent, phone and NSP [electric bill]. We're lucky to be able to get diapers."

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Emotional Costs to Families

While the parents we surveyed are plagued with financial difficulties, they are even more concerned about the quality of their children's care and education. Further, they are uneasy about the lack of time they have to build strong, healthy relationships with their children and partners.

Parents on the waiting list noted several concerns about their child care arrangements:

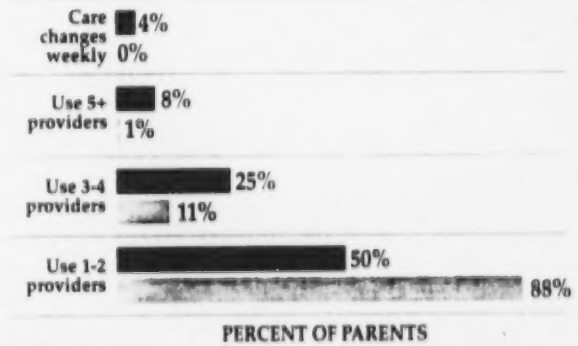
- 34 percent described quality issues, such as lack of age-appropriate programming, too little attention paid to their child and unsafe or unclean environments.
- 25 percent mentioned the high cost of care.
- 22 percent stated that their child care arrangements were unreliable or inconveniently located.

One-third of waiting parents were dissatisfied with their child care. Their comments illuminate the statistics.

> *"They are mean to my kids, really don't care if they are fed or not. Sometimes I picked up my nine-month-old and it seems like he had been in his wet diaper for hours and is always crying."*

> *"The babysitter leaves Alicia with her son who is 17 years old and very immature. It bothers me to come and get her and she's crying hysterically and he just ignores her and she's hungry."*

Stability of Child Care Arrangements



NOTE: For parents on the waiting list, an additional 7 percent gave "other" responses and 6 percent did not respond to the question.

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Defining Quality Child Care

What constitutes safe, high-quality child care? The National Association for the Education of Young Children advises that quality care takes place when:

- Positive relationships exist between adults and children with small group sizes and a low ratio of children-to-adults.
- Staff are qualified, prepared and knowledgeable about working with children and families.
- Adequate wages and benefits are provided to attract and retain good staff.
- An effective learning environment is provided for children and a supportive working environment exists for adult caregivers.

Asked how often they had changed child care providers while waiting for Child Care Sliding Fee assistance, the respondents report that 37 percent of parents on the waiting list six to 18 months had changed caregivers three or more times, which includes 4 percent who indicated that their child care arrangements changed from week-to-week.

Of parents who had used one or two providers while on the waiting list, 80 percent indicated they were satisfied with their child care arrangements. Only 26 percent of parents who had used five or more providers were satisfied.

One woman who struggles with chaotic arrangements noted that:

> *"...I lost that job after eight months because of upsets in my schedule...due to babysitting problems....although I was very conscientious about lining up child care arrangements, disruptions caused everything that I had carefully planned to come tumbling down."*

Where am I going today, Mom?

Among the more important findings, the study highlights the need for stable child care. Parents surveyed value stable and consistent care. Their experience tells them what child development experts assert about the necessity of strong, healthy relationships with caregivers.

In a nutshell, attachment is the foundation of trust on which children build a positive self image and develop the ability to learn and to care for others. Lack of trust can make children more vulnerable to societal problems such as juvenile crime and chemical abuse. Securely attached relationships develop over time in a stable, caring environment. As such, stability is the cornerstone of quality child care and education.

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One mother commented:

> *"My child is six months old and has been in three horrible daycares in two-and-one-half months."*

And another:

> *"She [the provider] has a family member staying with her that I would prefer not to have my son around. She is having health problems that make her not 100 percent dependable."*

Parents are uncomfortable with frequent shifts in caregivers and the staff turnover that is commonplace within lower-quality child care settings. But with limited funds for child care, many parents have no other options.

Their concerns reflect the findings of the 1988 and 1992 National Child Care Staffing Studies.[4] Over a four year period (1988-1992), 70 percent of teaching staff left their positions in child care centers. Between 1991 and 1992, turnover among child care teachers averaged 26 percent compared to annual turnover of 10 percent in all U.S. companies. Children attending centers with high staff turnover were less competent in language and social development, spent more time aimlessly wandering and were less attached to caregivers.

The study shows that parents who worked or went to school while on the waiting list (84 percent of those surveyed) used every possible type of child care arrangement and employed various combinations of care to cover their child care needs.

- 46 percent of families used family child care.
- 39 percent used some type of child care program such as a center, preschool or school-age program.
- A remarkable 55 percent of families surveyed relied on relatives to provide free or very low-cost care.
- In 5 percent of families, children cared for themselves or were cared for by parents at the workplace.

Relative ease?

The majority (55 percent) of families on the Child Care Sliding Fee Program waiting list rely on relatives for inexpensive or free child care. Once families receive assistance from the Child Care Sliding Fee Program and have access to a wider range of child care options, they tend to move to more formal settings staffed with providers who choose child care as a profession.

According to a 1994 study conducted by the Families and Work Institute, children cared for by relatives are not necessarily more securely attached to a provider than children cared for by non-relatives.[5]

These findings challenge the assumption that one form of child care — relative care, family child care homes or centers — is better than others. Fewer than one-quarter of the relatives felt that child care was their chosen profession. It is not the type of child care that matters but the training and commitment of the provider to the child's well-being that ensures a strong and healthy relationship.

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"My two babies will be fuller — happier —learning a lot of new interesting things they need to know. Have a chance to meet another children, to talk, to learn how to speak English, to understand the world outside. Right now my two children know nothing about English — afraid outside —afraid with other kids. And I worried about my babies a lot while I'm working because my babies are not full enough, they're not happy and so scared the lady take care of them. I am a single mother. My income really not enough to sent my to children to day care center. Please help."

— A mother on the Child Care Sliding Fee waiting list

Respondents worry that the stress they live with affects their ability to be good parents. Many have stretched their relationships with family and friends — upon whom they are dependent — to the breaking point. Many have experienced marital or relationship strain leading to separation and divorce.

In the end, they are concerned about the long-term effects of poverty and sacrifice on their children. They know a lost childhood cannot be recouped.

"I go to bed...every night nervous or crying with frustration wondering if the money left will make it to my next paycheck. I'm finding myself short with the kids more and then stop myself and say, 'Think. It's not fair, they are only kids...' So I give them hugs and say I'm sorry."

"My oldest wants me to get a job so we can eat. He's six years old. This should not be his concern."

Several families with no escape route experienced domestic violence, tolerated unsafe child care arrangements and faced certain financial ruin.

As one mother commented:

"The house is being foreclosed on. I was working all the time to pay my bills..the expenses are more than I imagined...I will never take my problems out on my child. No matter how broke I am she will never go hungry. It is good weight control for me though. I can't afford to feed myself sometimes...I know I have a long wait ahead of me, so it doesn't do any good to complain. I'm only 21 years old and was not prepared for any of this."

If given Child Care Sliding Fee assistance, one woman noted:

"I'd be out of a violent domestic situation..."

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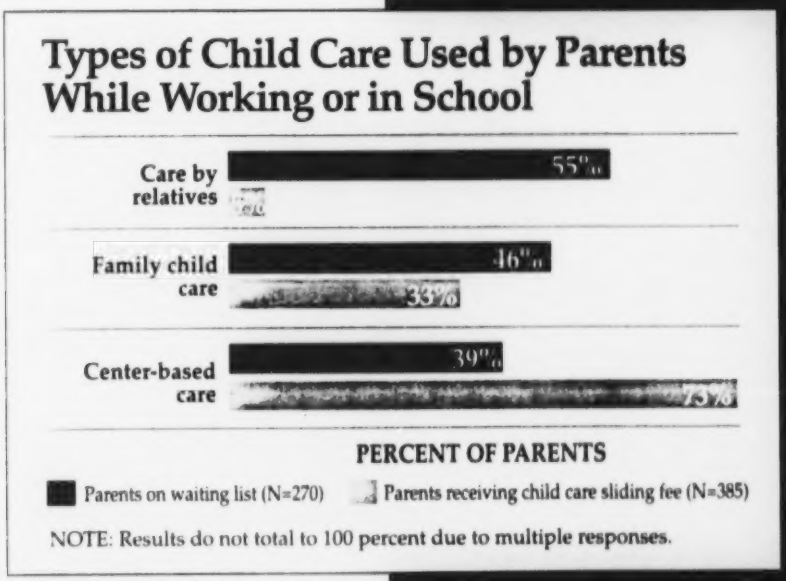
Making Safe and Dependable Child Care Affordable

Even intolerable situations are somewhat relieved with the appropriate and focused assistance provided by the Child Care Sliding Fee Program. Indeed, those respondents receiving child care assistance indicated that severe stress was noticeably alleviated once the subsidy became available.

Among those families receiving Child Care Sliding Fee assistance through GMDCA, 88 percent have used only one or two caregivers.* The majority of families (73 percent) using subsidies have chosen center-based care. Approximately 33 percent rely on family child care. Both types of licensed care offer early education, provide peer groups for children and accommodate a wide-range of work schedules.

"Since we have become eligible for basic sliding fee child care, we have been able to have both of our children...in stable, established child care...I'm extremely grateful for the last six months of assistance."

"I don't have to worry about imposing on friends and family members. My child is in a daycare center that is consistent and caring. I can visit and share in the care of my daughter..."


Types of Child Care Used by Parents While Working or in School
Care by relatives
55%
Family child care
46%
33%
Center-based care
39%
75%
PERCENT OF PARENTS
Parents on waiting list (N=270)
Parents receiving child care sliding fee (N=385)
NOTE: Results do not total to 100 percent due to multiple responses.

* Those receiving subsidies for at least six months and not more than 18 months. (N=353)

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Family Stories

The following profiles of families on the Child Care Sliding Fee Program waiting list provide insight into their struggle as well as their resiliency and hope.

MARLENE BLAKE has three children: Roosevelt, 13, Jacques, seven, and Delanquinist, three, Marlene works as a teacher at LaCreche Early Childhood Center in Minneapolis, the child care center where Delanquinist is enrolled.

"They say you work to pay a babysitter, but then you have all the other concerns and bills," said Marlene who, though she was working while waiting for assistance, depleted her savings, incurred debt and was unable to pay bills.

While waiting for child care funding, Marlene used four different caregivers. "I had the baby in a home day care before and didn't like it," said Marlene. "It was really expensive and I considered quitting work. There were no set schedules, no early childhood education and the TV was on too much. Still, I was happy to have somewhere to leave him so that I could work and we could live.

"If I had received help when I first called," she continued, "my job attendance would have been much better, my credit would be much better and my children would not have needed to go through so many caregivers and emotional and physical adjustments.

"They were scared all the time. They were not getting what they needed," she added. In particular, her three-year-old is much more relaxed since they received Child Care Sliding Fee assistance.

"Before, when I had to work late and went to pick him up, he'd be the only one left and he looked like he felt so abandoned," said Marlene. "Now, things go smoother around the house and I can provide more quality foods for the children, like juice and milk instead of Kool-Aid, so they can grow mentally and physically.

"The funding really helps people become self sufficient," Marlene added. "Because the poor lack resources needed to help them climb out of poverty, the cycle continues to perpetuate itself throughout many, many families. By funding families for a couple of years when they need it, we could keep children off welfare for another 20 to 30 years.

"If we give children what they need to become healthy adults," she advised, "I think it will heal a lot of social ills."

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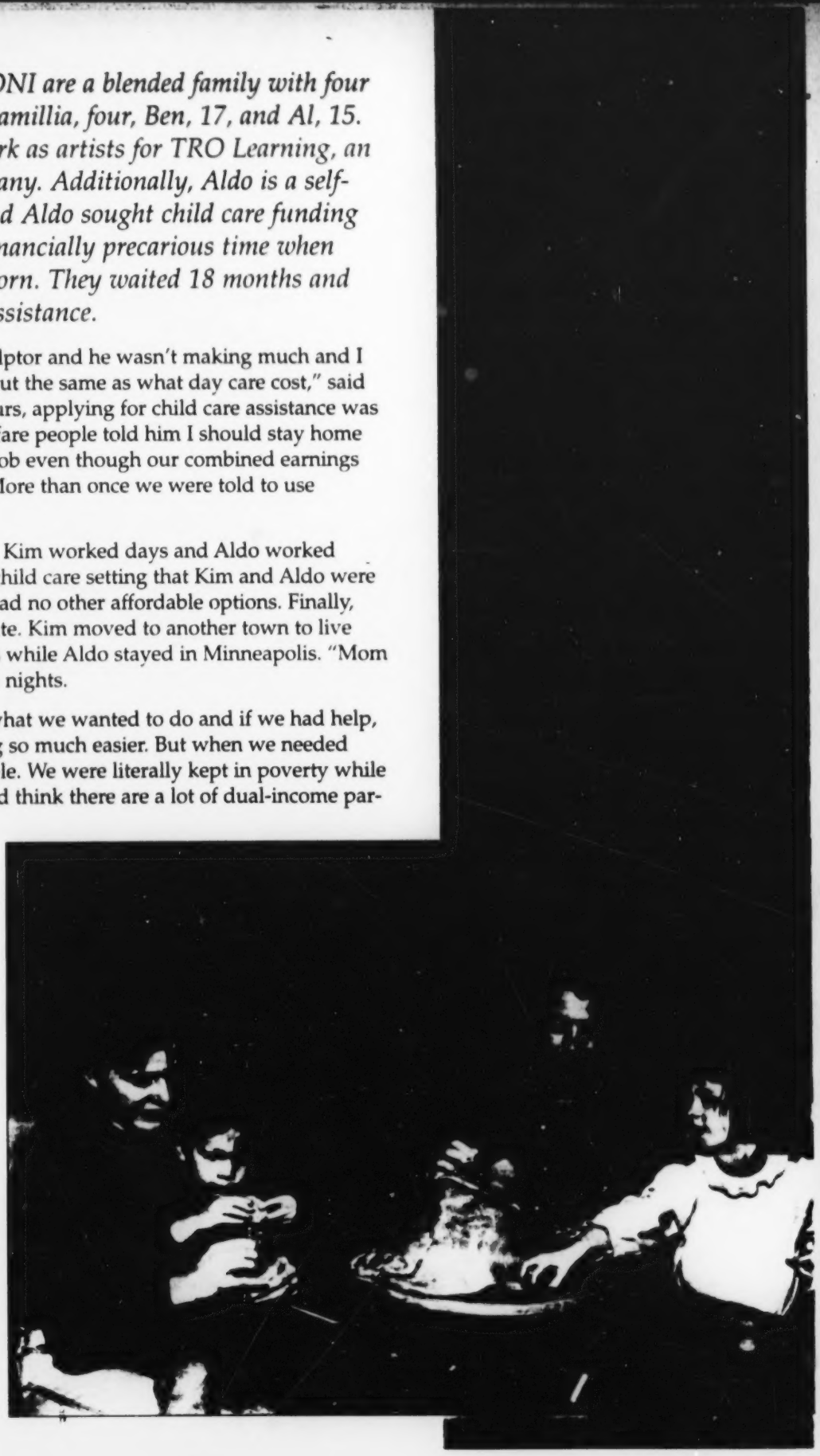
KIM AND ALDO MORONI are a blended family with four children: Dante, two, Maxamillia, four, Ben, 17, and Al, 15. The Moronis currently work as artists for TRO Learning, an educational software company. Additionally, Aldo is a self-employed sculptor. Kim and Aldo sought child care funding to assist them through a financially precarious time when their youngest child was born. They waited 18 months and never received child care assistance.

"Aldo was a self-employed sculptor and he wasn't making much and I was starting a job that paid about the same as what day care cost," said Kim. Because of his flexible hours, applying for child care assistance was Aldo's responsibility. "The welfare people told him I should stay home with the kids and not take the job even though our combined earnings were less than $15,000 a year. More than once we were told to use AFDC."

As they waited for the subsidy, Kim worked days and Aldo worked nights. The children were in a child care setting that Kim and Aldo were uncomfortable with, but they had no other affordable options. Finally, the family was forced to separate. Kim moved to another town to live with her mother for six months while Aldo stayed in Minneapolis. "Mom watched the kids and I worked nights.

"We had our goals. We knew what we wanted to do and if we had help, it would have made everything so much easier. But when we needed help the most, it wasn't available. We were literally kept in poverty while working." Kim added, "I would think there are a lot of dual-income parents who find themselves in a similar situation. Families who simply need temporary assistance."

Today, the Moronis are on their way to achieving their dreams. "Aldo makes more money as a sculptor than he does in his salaried position. And I wouldn't have landed the job I have if I hadn't worked at the first job the welfare people told me not to take." Kim added that even though they are doing well now, they still pay $1,000 in child care costs each month. "But we're climbing out," she added.



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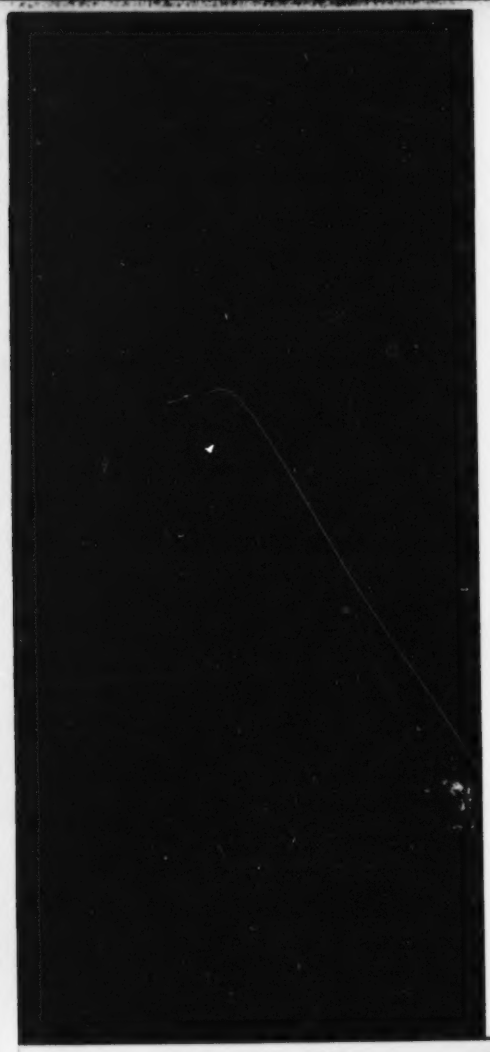

RICHELLE GUSTAFSON has two children, Lachelle, seven, and Josslynn, five. As a teenage mother, Richelle relied on AFDC for five months while she worked at a bank and went to school. "I was on AFDC for a minute," she said with a smile. "The City, Inc. School was proud of me for working in high school and getting off of welfare and on with my life." Today, Richelle is an outreach worker and parent educator with teen moms for Phillips Tender Loving Care in Minneapolis.

"When you work you pay for child care," said Richelle. "I waited for child care assistance for two years. I was at the end of my rope." She would have had to quit her job had she not received help when she did.

"It was really stressful," Richelle explained. "I was depending on my sister, who lived with me, to care for my children and we were having arguments. My sister was tired and frustrated. She needed to get on with her own life."

Often, when child care arrangements backfired, Richelle left the children with their father who she did not feel provided good care. She also relied on a girlfriend for two months. "I didn't know where else to go," she noted.

"The subsidy program is wonderful and it needs more funding," Richelle concluded. "There are a lot of moms who have the potential to get out and work but daycare costs stop them. We'd see many more success stories if young women knew this service was out there and that they could get it."

Richelle's children are currently enrolled at New Horizon Child Care. "They have a schedule and they know what's going to happen," she said. "The bus drops the oldest child at daycare at the end of each day so she doesn't have to be home alone. Even when they get sick, they beg to go to their child care center."

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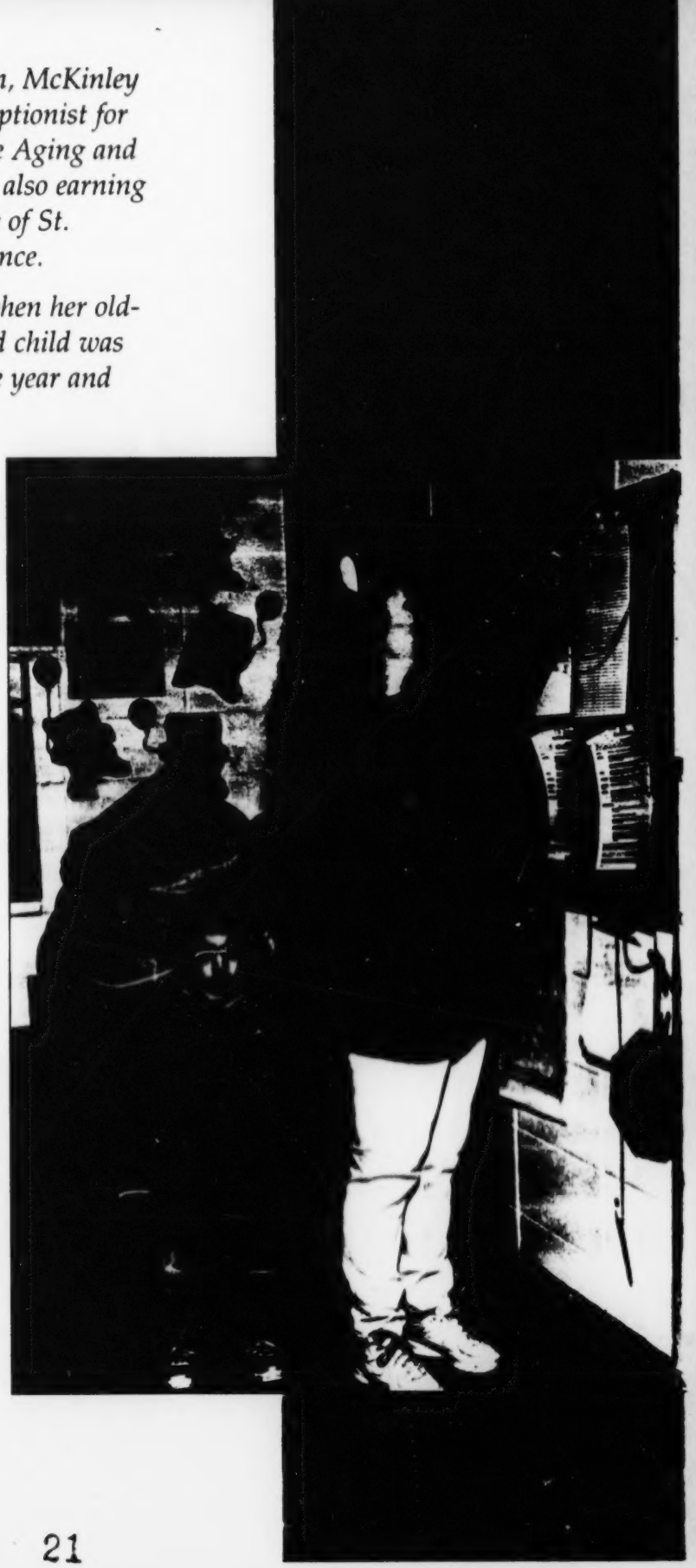
MARILYN CIEPLIENSKI has two children, McKinley and Breanne. Currently she works as a receptionist for the Minnesota Association of Homes for the Aging and the Minnesota Hospital Association. She is also earning her diploma and plans to attend the College of St. Catherine in St. Paul to study political science.

Marilyn returned to work nine years ago when her oldest child was one year old. When her second child was born, she quit work, received AFDC for one year and then took another job.



"When I broke up with my daughter's father, I went from two incomes to a job that paid just above minimum wage." On her salary she paid rent, car payments and child care expenses that "ran about one hundred bucks a week." She used up to four different child care providers to help her out, including relatives. Since she was receiving AFDC at the time, she was eligible for transition year funding when she returned to work, which meant she received child care funding immediately.

"Getting a subsidy allowed me to work full-time, be involved in my children's lives and to support them," Marilyn said.

Noting that transition funding is not readily available to everyone, she added, "I see many women in the same situation. It really saddens me to see people in the transitional phase who can't get the subsidy now."

Currently, Marilyn and her children are experiencing a renaissance of sorts. "Our theme as a family this year," she remarked, "is to experience new things. This summer we went to the zoo and stayed at a friend's cabin. It was great fun."

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The Curious Case of AFDC

Working families waiting for child care assistance find themselves caught in a curious maze of irrationality similar to that facing Alice in her descent to Wonderland. In Alice's words their situation is, "Curiouser and curiouser."

Families on the waiting list soon discover that the fastest way to obtain child care assistance is to quit their jobs, go on AFDC, and then begin work again, often at lower-paying jobs. How can this be?

Parents and caretakers who enter the child care system through AFDC are, for the most part, eligible for child care assistance if they go to work or school. Parents who are not on AFDC are placed on the Child Care Sliding Fee Program waiting list. Families transitioning off AFDC are placed at the head of this waiting list, causing further delays for the low-income, non-AFDC families already waiting for assistance.

Little wonder that working families surveyed express enormous frustration with a system that forces them to choose between AFDC with its supports, and low-wage jobs with few benefits and high child care costs. New research shows that fewer than half of all Minnesota jobs pay a livable wage and that there are six job seekers for every opening for a job with a livable wage.[5]

We believe the unintended message of the current system is, "Quit your job, go on AFDC, then get another job and you'll receive child care services."

> *"It's really hard to be the calm understanding person you should be when you feel there is no one to help you and the fact that knowing if I were to go on AFDC and move into a low-income housing development, I would have more money than I do keeping my job and paying full rent."*

In the end, many families do whatever it takes to survive. While public policy treats working families differently from non-working families on AFDC, our study reveals that such distinctions are irrelevant. As their circumstances change — that is, parents quit jobs that don't pay enough to support a family or child care arrangements dissolve — many families move back and forth across the lines, blurring the distinction.

- While waiting for child care funding, 47 percent of families relied on food stamp and Medical Assistance (or Medicaid) Programs.
- Almost one out of four families on the waiting list left jobs or job-related training and turned to AFDC.

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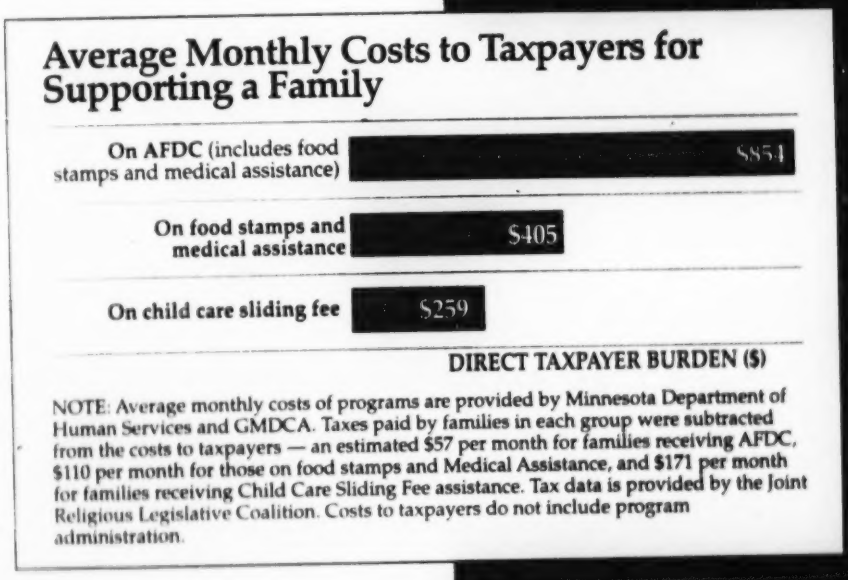
The Child Care Sliding Fee Program: A Sound Investment

In the final analysis, investing in the Child Care Sliding Fee Program helps ensure future dividends — to taxpayers, families and ultimately, children. The program provides an appropriate amount of assistance to low-income families struggling to work and care for their children. It creates self-sufficiency and allows parents to be responsible for choices about their child's care and education. As such, it is a family-friendly alternative to welfare.

When we estimate direct-service, taxpayer costs of supporting families on AFDC, food stamps and Medical Assistance versus Child Care Sliding Fee assistance, we see that it is far more expensive to support a family on AFDC. It is also more costly to support a family on both Medical Assistance and Food Stamps.


Average Monthly Costs to Taxpayers for Supporting a Family
On AFDC (includes food stamps and medical assistance)
$854
On food stamps and medical assistance
$405
On child care sliding fee
$259
DIRECT TAXPAYER BURDEN ($)
NOTE: Average monthly costs of programs are provided by Minnesota Department of Human Services and GMDCA. Taxes paid by families in each group were subtracted from the costs to taxpayers — an estimated $57 per month for families receiving AFDC, $110 per month for those on food stamps and Medical Assistance, and $171 per month for families receiving Child Care Sliding Fee assistance. Tax data is provided by the Joint Religious Legislative Coalition. Costs to taxpayers do not include program administration.

Once families receive funding through the Child Care Sliding Fee Program, they continue to improve their economic standing and have less need to rely on other forms of assistance. Parents can afford the child care they need to move from part-time to full-time work or pursue training to qualify for higher-paying jobs. As a result, average gross annual income increases from $15,400 for families on the waiting list to $19,500 for families receiving child care assistance.

Of the 434 families currently receiving Child Care Sliding Fee through GMDCA:

- 1 percent (five families) use food stamps.
- 1 percent (six families) are enrolled on Medical Assistance.

Beyond the economic benefits, the Child Care Sliding Fee Program helps reduce the fear and uncertainty that confront low-income families daily. The Child Care Sliding Fee Program enables parents to continue working, maintain their self respect and to purchase stable, dependable care and education for their children. Such care readies children for school, teaches them necessary social skills and prepares them to be self-sufficient, contributing citizens. In addition, we believe Child Care Sliding Fee allows parents to choose care that lessens the economic and emotional costs associated with special education, unemployment, teen pregnancy, welfare dependency and crime.

But our parents tell that story.

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"Child care plays a key role in helping welfare families get the education, training, and employment they need to move off the welfare rolls. It serves as 'welfare prevention' as well — helping low-income working parents stay afloat and avoid the need to go on welfare. Effective welfare reform should include child care to meet the needs of welfare families, as well as child care to meet the needs of the working poor. Increasingly, we are seeing these two very worthy groups pitted against each other in competition for scarce child care resources."

— Nancy Ebb
Senior Staff Attorney
Children's Defense Fund

"Jonathon is a much happier child going to one daycare now. He knows every day where he is going. He has all his friends there. This arrangement is a lot better for Jonathon's sense of security."

"I've been able to relax a little about my finances. I'm able to be more relaxed when I'm with my daughter. I've been able to take a couple of days off here and there from work."

"I was able to go back to school to get my degree. I am very glad to be receiving help on my daycare so I can prepare for me and my children's future."

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Recommendations

When it comes to supporting the child care and education needs of families and children, we cannot afford to wait to invest in the Child Care Sliding Fee Program. With that in mind, GMDCA recommends the following:

1. Fully fund the Child Care Sliding Fee Program so that child care subsidies are immediately accessible to all who qualify.

   The program is a focused, efficient and effective response that enables families to work — and take good care of their children. It also saves money when compared to welfare programs.

2. Allow parents the flexibility to seek the training and work needed to improve their earning power and position in the job market.

3. Continue to provide information and counseling to parents so they can make informed choices about child care arrangements.

4. Continue to listen to families on the waiting list as changes are instituted in the welfare system. Information from such research will assist in the welfare-reform process.

5. Work in coalition with the business community, parents and other organizations supporting families to educate the general public about the cost effectiveness of the Child Care Sliding Fee Program.

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History of the Child Care Sliding Fee Program in Minnesota

- **1975:** GMDCA implements the Child Care Sliding Fee Program in Minneapolis.
- **1979:** Minnesota Legislature passes a pilot sliding fee program.
- **1981:** Child Care Sliding Fee Program extended to all counties in Minnesota.
- **1988-89:** Federal legislation, the Child Care Development Block Grant, places emphasis on child care assistance for AFDC families.

The history of the Child Care Sliding Fee Program has been shaped by the advocacy efforts of GMDCA, a major innovator of the program, and other child care groups. The principle of parent choice of child care provider was broadly accepted in 1982-'83. Today it remains an important aspect of the Child Care Sliding Fee program. In an effort to protect children and provide the highest-quality care, child care groups have also advocated to establish minimal background checks, information and referral services for parents and provider accreditation as part of a meaningful market-based system.

Of course, adopting parental choice made fiscal management of child care programs more complex. As a result, child care homes and most centers now operate as small businesses, with subsidized parents being another part of the market. Rates, wages, benefits, policies, hours and other aspects of the service are established by individual providers in the marketplace. However, the Child Care Sliding Fee Program reimbursement to providers does depress rates somewhat because it does not cover the full cost of care.

As one of the first states to establish a sliding-scale program, Minnesota is ahead of the curve in terms of program growth. Other states are initiating subsidies and turning to the State of Minnesota for advice on creating equitable and effective programming. Simultaneously, funding has not kept pace with the need. Thus, we have a growing list of families waiting for assistance.

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3) Ellen Galinsky, Carollee Howes, Susan Kantos, and Marybeth Shinn. **The Study of Children in Family Child Care and Relative Care.** New York, NY: Families and Work Institute, 1994.

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VALUING FAMILIES:

The High Cost of Waiting for Child Care Sliding Fee Assistance

PS 023131

Greater Minneapolis Day Care Association

Funded by a grant from The Minneapolis Foundation

VALUING FAMILIES: The High Cost of Waiting

A Study of Families on the Child Care Sliding Fee Waiting List in Hennepin County, Minneapolis, MN

Just as a small amount of money invested at the right time produces a profitable future return, investing in children through the Child Care Sliding Fee Program ensures short- and long-term dividends for all of us.

Minnesota's 20-year-old Child Care Sliding Fee Program stabilizes the cost of child care and education for parents. By providing a moderate amount of funding based on each family's size and income, it allows low-income parents to work or stay in school while paying a copayment for their child's care and education.

In spite of the value and effectiveness of the Child Care Sliding Fee Program, funding is not available when people need it. In December of 1994, approximately 2,100 Hennepin County families faced a wait of up to one-and-one-half years for assistance.

Believing that such delays are harmful to families, GMDCA surveyed families on Hennepin County's waiting list to determine the economic, emotional, and societal costs of delayed support. The study unearthed five compelling findings that corroborate what we in child care already knew: waiting for child care assistance has a devastating impact on families.

Study Findings

1 Without child care subsidies, one quarter of the families on the waiting list have turned to AFDC for economic survival and one-half rely on food stamps and Medical Assistance. As one parent stated:

> *"...I've been on AFDC for six years and I would have preferred free daycare and medical assistance within the first year of my firstborn's life to an AFDC check...I need help, but more importantly I need to show my kids by example how to survive by employment and hard work. All I'm showing them is someone will take care of you...and that every three weeks we only have one to two meals at most and hunger hurts."*

2 The short-term cost of supporting families on welfare is $595 more per month per family than the cost of supporting a similar family with only child care subsidies. The long-term cost of supporting families with welfare also has serious ramifications.

3 Many families have incurred overwhelming debt as a result of their child care expenses. Most parents cannot find free child care. Over 80 percent of families on the waiting list pay for care, and of these families, 71 percent have experienced significant levels of debt or filed for bankruptcy.

The majority of families surveyed continue to work while waiting for Child Care Sliding Fee, but they do so at great expense to the security of their family. With an average annual income of $15,400, they struggle to pay child care — which averages $4,525 a year for a three- or four-year-old or 29 percent of these earnings.

> *"I pay $460 a month for child care. I am a single parent and a manager of a restaurant. As a result of day care expenses I try to cut back on hours at work...to reduce the day care amount. My unit then suffers...to the point I worry I may lose my job. I have lost out on bonus money I depend on and have fallen behind on several bills..I am currently looking into claiming bankruptcy."*

4 Because of the high cost of care and education, almost half of the parents feel trapped. Some are unable to work, much less pursue training for higher-wage jobs.

> *"The... financial stress of having small children is almost unbearable. It is an impossible situation when you cannot afford to work because you cannot afford quality child care, but you cannot afford not to work."*

5 Many children on the waiting list are deprived of consistent, stable care and appropriate early childhood education. This may result in the inability to form strong, healthy relationships, which are the foundation needed for success in school and life.

Over one-third of parents were concerned about quality issues with their child's provider such as lack of appropriate programming, not enough attention paid to their child and unsafe or unclean environments.

> *"The babysitter leaves Alicia with her son who is 17 years old and very immature. It bothers me to come and get her and she's crying hysterically and he just ignores her and she's hungry."*

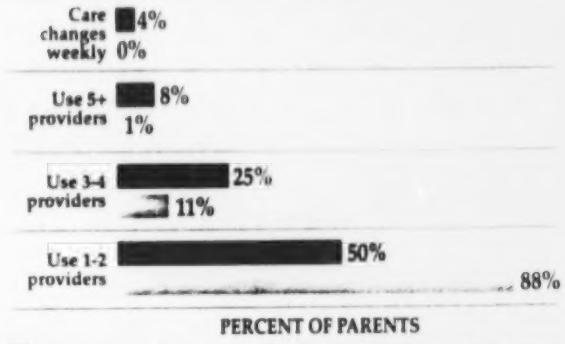
Over one-third of parents changed child care providers three or more times while on the waiting list.

> *"My child is six months old and has been in three horrible daycares in two-and-one-half months."*

"My two babies will be fuller — happier —learning a lot of new interesting things they need to know. Have a chance to meet another children, to talk, to learn how to speak English, to understand the world outside. Right now my two children know nothing about English — afraid outside —afraid with other kids. And I worried about my babies a lot while I'm working because my babies are not full enough, they're not happy and so scared of the lady who take care of them. I am a single mother. My income really not enough to send my to children to day care center. Please help."

— From a mother on the Child Care Sliding Fee waiting list

Stability of Child Care Arrangements



NOTE: For parents on the waiting list, an additional 7 percent gave "other" responses and 6 percent did not respond to the question.

About GMDCA

As the child care resource and referral agency for Hennepin County, the Greater Minneapolis Day Care Association (GMDCA) has worked for 26 years to effect positive change in the quality, affordability and accessibility of child care. In addition, GMDCA seeks to influence the overall Minnesota child care system for the benefit of all children and families.

This study was funded by a grant from the Minneapolis Foundation.

Profile of Families Surveyed

GMDCA surveyed 270 randomly-selected families on the waiting list for Child Care Sliding Fee assistance.

Average family size: 3

Average number of children per family: 1.5

Average annual income: $15,400

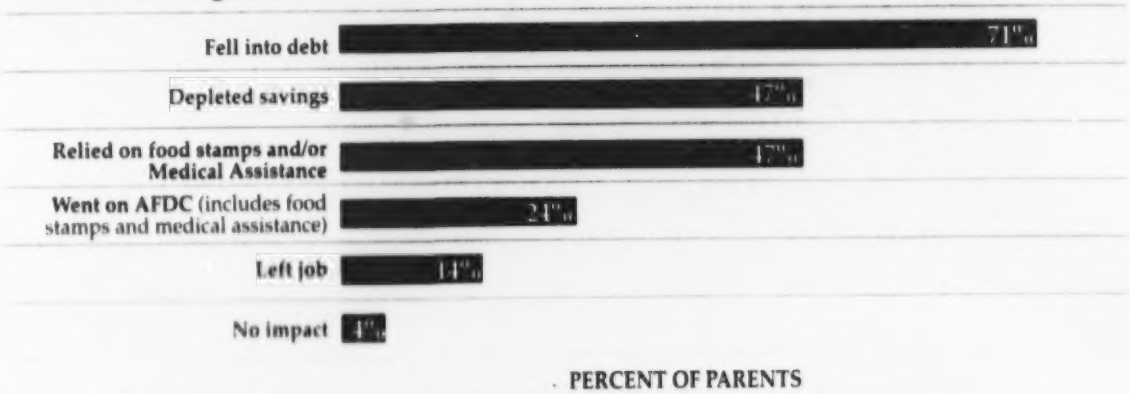
Marital status:

- Single parent . . . . . 68 percent
- Married . . . . . 25 percent
- Living with other parent . . . . . 6 percent
- Unknown . . . . . 1 percent

Work/School Status

- Working . . . . . 63 percent
- In school . . . . . 10 percent
- Both working and in school . . . . . 11 percent
- Looking for work or waiting to get into school . . . . . 16 percent

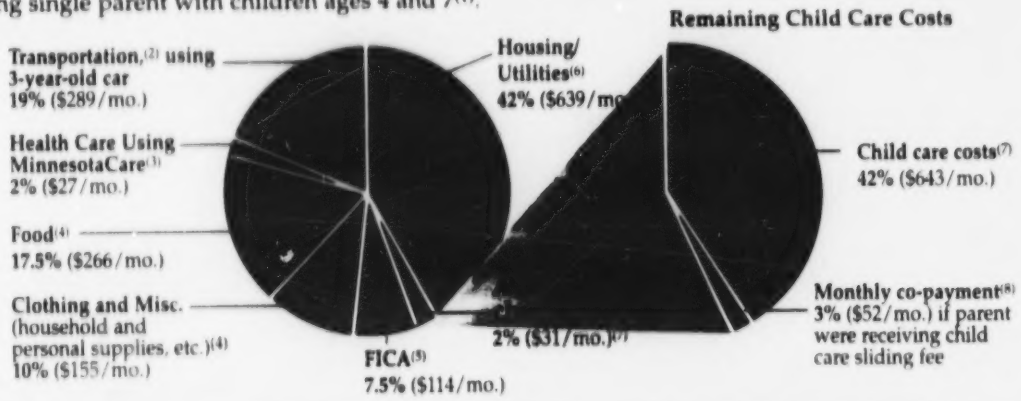
Economic Impact of Child Care Costs on Families on the Waiting List



NOTE: Results do not total to 100 percent due to multiple responses. (N = 270)

No Room for Child Care Costs in Budget of Typical Family on the Waiting List

Monthly budget of $1,521 (includes food stamps and earned income tax credit) for working single parent with children ages 4 and 7[1].


Remaining Child Care Costs
Transportation,[2] using 3-year-old car 19% ($289/mo.)
Housing/ Utilities[6] 42% ($639/mo.)
Health Care Using MinnesotaCare[3] 2% ($27/mo.)
Food[4] 17.5% ($266/mo.)
Clothing and Misc. (household and personal supplies, etc.)[4] 10% ($155/mo.)
FICA[5] 7.5% ($114/mo.)
2% ($31/mo.)[7]
Child care costs[7] 42% ($643/mo.)
Monthly co-payment[8] 3% ($52/mo.) if parent were receiving child care sliding fee

Notes (Data compiled by Children's Defense Fund MN 1993):

1. Average income of family on the waiting list in Hennepin County, including $193/month for food stamps and $70/month for tax credits minus state and federal taxes due.
2. Cost of running a 3-year-old car 12,000 miles/year; from MN Department of Transportation, 1993.
3. Presumes family on MinnesotaCare; higher if parent is covered through employer and must pay share of cost, 1993.
4. From MN Department of Human Services Market Basket Evaluation of AFDC Standard of Need, 1991.
5. Social Security; presumes no income tax withholding.
6. Two-bedroom apartment with utilities and phone; from U.S. Department of Housing and Urban Development and U.S. West, 1993.
7. Average cost of family child care for preschool and school age care, 1994.
8. Monthly Child Care Sliding Fee copayment for family of three, 1994. $591 of total child care costs are subsidized.

Impossible Choices: AFDC or Nothing

Given the high cost of child care, low wage jobs and a long waiting list for Child Care Sliding Fee, how do these families manage? Some don't.

Families on the waiting list soon discover that the fastest way to obtain child care assistance is to quit their jobs, go on AFDC, and then begin work again often at lower paying jobs. How can this be?

Parents and caretakers who enter the child care system through AFDC are, for the most part, eligible for child care assistance if they go to work or school. Parents who are not on AFDC are placed on the Child Care Sliding Fee waiting list. Families transitioning off AFDC are placed at the head of this list, causing further delays for the low-income, non-AFDC families already waiting for assistance.

We believe the unintended message of the current system is, "Quit your job, go on AFDC, then get another job and you'll receive child care services."

In the end, many families do whatever it takes to survive.

- While waiting for child care funding, 47 percent of families relied on Food Stamp and Medical Assistance Programs.
- Almost one out of four families on the waiting list left jobs or job-related training and turned to AFDC.

The Child Care Sliding Fee Program: A Sound Investment

Ultimately, investing in the Child Care Sliding Fee Program helps ensure future returns. The program provides an appropriate amount of assistance to low-income families struggling to work and care for their children. It creates self-sufficiency and allows parents to be responsible for choices about their child's care and education. As such, it is a family friendly alternative to welfare, giving families the boost they so desperately need.

Currently, the Child Care Sliding Fee Program serves 2,300 non-AFDC Hennepin County families whose income is below 75 percent of the State Median Income (SMI). The majority (54 Percent) of families served participate in the program less than one year.

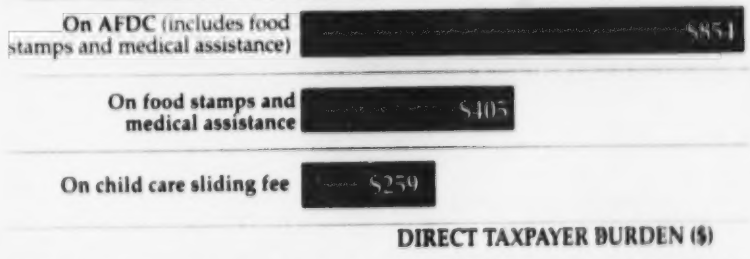
Additional Findings:

- The estimated direct-service, tax-payer costs of supporting families on AFDC, Food Stamps and Medical Assistance is $595 more per month per family than assisting families through the Child Care Sliding Fee Program.
- Once families receive funding through the Child Care Sliding Fee Program, they continue to improve their economic standing as they move from part-time to full-time work or pursue training to qualify for higher-paying jobs. As a result, average gross annual income increases from $15,400 for families on the waiting list to $19,500 for families receiving child care assistance.
- Families receiving Child Care Sliding Fee have less need to rely on other forms of public assistance. Of the 434 families currently receiving Child Care Sliding Fee through GMDCA only 1 percent use food stamps and 1 percent are enrolled on Medical Assistance.

Beyond the economic benefits, the Child Care Sliding Fee Program helps reduce the fear and uncertainty that confront low-income families daily. It enables parents to purchase stable care and education for their children. Such care readies children for school, teaches them necessary social skills and prepares them to be self-sufficient, contributing citizens.

> *"Before I received child care subsidies, I was forced to work two jobs, about 65 hours per week. Between work and commuting time I had no time to be a parent and what time I had was very low quality. . . After a year of this schedule I was forced to my job and go on AFDC [Aid for Families with Dependent Children]. Now that I receive subsidies I have returned to school. I will graduate after two years. . . with an electrician degree. This new career will allow me to provide for myself and my child without any assistance within one year on the job."*
>
> — Mother of a three-year-old on the Child Care Sliding Fee Waiting List

Average Monthly Costs to Taxpayers for Supporting a Family



NOTE: Average monthly costs of programs are provided by Minnesota Department of Human Services and GMDCA. Taxes paid by families in each group were subtracted from the costs to taxpayers — an estimated $57 per month for families receiving AFDC, $110 per month for those on food stamps and Medical Assistance, and $171 per month for families receiving Child Care Sliding Fee assistance. Tax data is provided by the Joint Religious Legislative Coalition. Costs to taxpayers do not include program administration.

To order the full report, **Valuing Families: The High Cost of Waiting for Child Care Sliding Fee Assistance**, send $5 per copy, which includes postage, to GMDCA, 1628 Elliot Ave. S., Minneapolis, MN 55404-1657, or fax your order, along with Visa or MasterCard number and authorized signature, to GMDCA, 612/431-43356. All orders must be prepaid. Questions? Call GMDCA at 612/341-1177.

What happens while families wait for child care sliding fee assistance?

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